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C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 002526

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TAGS: [PREL](#) [PGOV](#) [ECON](#) [ETRD](#) [EFIN](#) [MARR](#) [SENV](#) [CH](#) [KN](#) [IR](#)  
AF, PK  
SUBJECT: AMBASSADOR'S INTRODUCTORY CALL ON FM YANG JIECHI:  
421 TIRES, AF/PAK, IRAN, DPRK, MIL-MIL, CLIMATE

Classified By: Political Minister Counselor Aubrey Carlson.  
Reasons 1.4 (b), (d).

¶1. (C) Summary: In his first meeting with Foreign Minister Yang Jiechi, the Ambassador expressed his and President Obama's hope to keep the U.S.-China relationship moving in a positive direction and focused on major issues of mutual concern. FM Yang noted the positive tone set by Presidents Hu and Obama in their April 2 meeting in London as well as by the July 27-28 Strategic and Economic Dialogue, and agreed on the need to focus on common concerns. Yang urged the U.S. side to be "highly sensitive" to China's "core interests." He suggested that the U.S. and China handle bilateral differences discreetly to avoid a public perception that there was friction between the two countries. The Ambassador stressed the importance of reaching a creative and flexible negotiated solution to the Section 421 safeguards process on PRC tire exports as quickly as possible. FM Yang warned that the issue could have serious repercussions and urged the United States to not go forward with application of Section 421 safeguards, arguing that the issue was politically sensitive in China given public interest in the case. The Ambassador urged Chinese cooperation on Afghanistan/Pakistan, Iran and North Korea; Yang responded that China was doing its best with Afghanistan and welcomed U.S.-China coordination on such issues. The Ambassador also urged increased military-to-military exchanges. End summary.

¶2. (C) The Ambassador met with Foreign Minister Yang Jiechi September 2 for an introductory meeting and to discuss bilateral issues. EconMinCouns, PolMinCouns, acting Defense Attache, interpreter, PolOff and ConOff (notetakers) also attended.

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¶3. (C) The Ambassador told FM Yang of his desire -- indeed, the President's instructions to him -- to keep U.S.-China relations moving in a positive direction and focused on the major issues of mutual concern. He expressed President Obama's interest in U.S.-China relations and highlighted the importance of ensuring that the mechanics of the relationship were well-tuned to operate in full support of the broader goals laid out by the leadership. U.S. and PRC interests were aligned on many aspects of the key issues of global economic recovery, regional security and climate change.

¶4. (C) Foreign Minister Yang responded that President Obama and President Hu Jintao had laid the groundwork for the development of U.S.-China relations at their meeting in London earlier this year by agreeing on the goal of building a "positive, cooperative and comprehensive relationship for the 21st century." The subsequent Strategic and Economic Dialogue in July had also been successful. He noted that China was preparing for the summit meetings to take place in

New York and Pittsburgh in September and that President Hu Jintao would attend the September UNSC Nuclear Nonproliferation and Disarmament Summit hosted by President Obama. FM Yang urged both sides to increase coordination and dialogue to deal with common challenges such as climate change, energy, the global financial crisis, regional issues and non-traditional security threats, such as terrorism and trans-border crime, and stressed the importance of frank and sincere discussion of issues on which the two sides disagreed. FM Yang stressed the importance of upcoming highest-level meetings in New York, Pittsburgh and Beijing, dialogue mechanisms, frequent contact at various levels of the two governments, and increasing social and educational links to ensure a solid foundation for future development of relations.

#### Call for Mutual Respect of Core Interests

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15. (C) FM Yang urged the United States to be "highly sensitive" to China's "core interests," noting that China sought to understand and be sensitive to U.S. core interests.

He described China's core interests as: 1) maintaining the "basic social system" and national security of China, 2) safeguarding the territorial integrity of China, especially as it relates to Taiwan, Tibet and Xinjiang, including the "so-called East Turkestan" issue, and 3) ensuring domestic social and economic stability. FM Yang pushed for mutual sensitivity to such core interests through adherence to "international law and codes of conduct" as well as respecting the mutual understanding reached in the three Joint Communiqués, and said that respect for China's core

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interests was important for broader U.S.-China relations. FM Yang offered the Ministry's full support to facilitate the Ambassador's work in China and expressed hope the Ambassador would call on his extensive contacts to improve the substance of sister-state and sister-city relationships.

#### Tire Exports and Section 421 Safeguards

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16. (C) The Ambassador stressed the importance of reaching a negotiated solution to the ongoing Section 421 safeguards process on tire exports. He noted that a Chinese negotiating team was in Washington discussing the issue and urged FM Yang to stress to the Chinese team the importance of being flexible and reaching a creative solution as quickly as possible. He recalled that several issues had challenged the U.S. and China to reach solutions during China's accession to the WTO, and the two sides had been able to work together to overcome those challenges.

17. (C) FM Yang responded that the two sides were working at various levels to seek a solution given the "possible serious repercussions" of the issue, and urged the U.S. to not go forward with the application of the Section 421 safeguards process. He said that U.S.-China cooperation during the global financial crisis demonstrated the will on both sides to work together to overcome the economic downturn, reform international financial institutions, guard against protectionism and realize the Millennium Development Goals. He argued that the 421 issue could undermine this cooperation. Yang added that the public perception of the issue was very important and that the two sides needed to be careful in handling the issue, adding that the Chinese public had become "very vocal" on the matter.

#### Shared Challenges Need to Be Handled Carefully

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18. (C) The Ambassador highlighted specific building blocks for U.S.-China cooperation ahead of President Obama's visit to China in November. In addition to the swift resolution of the tire exports case, the Ambassador pushed for U.S.-China

coordination on the stabilization of Afghanistan and urged China to remind Pakistan that it should refuse to provide sanctuary for extremists. He called for cooperation on efforts within the P5-plus-1 to deal with the Iranian nuclear program. The Ambassador also highlighted upcoming visits by Ambassadors Bosworth and Holbrooke as opportunities to coordinate policies on North Korea and Afghanistan/Pakistan. The Ambassador called for increased exchanges between our two militaries.

19. (C) FM Yang agreed that the U.S. and China shared many common interests, including in peace, stability and prosperity in the Asia-Pacific as well as in solutions to regional hotspot issues such as North Korea and Afghanistan. China wished for the U.S. to continue to play an important role in the region. He welcomed visits by Ambassadors Bosworth and Holbrooke. He stressed that the U.S. and China should stay focused on the common goals related to these challenges, try to narrow and resolve any differences, and be careful to avoid "putting our differences in a conspicuous position." On support for Afghanistan, Yang said that China was "doing its best" and would continue to coordinate with the U.S. on the issue. FM Yang argued that while differences between the two sides on climate change existed, so did common ground.

HUNTSMAN